

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



BRIAN C. MCNEIL
Executive Secretary

ARIZONA CORPORATION COMMISSION

May 12, 2005

Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Commissioner Kristin Mayes

Re: Palo Verde Utilities Company, LLC and Santa Cruz Water Company, LLC
Docket Nos. SW-03575A-04-0767 and W-03576A-04-0767

Dear Colleagues:

I have read Commissioner Spitzer's May 10, 2005 letter regarding Commission Decision No. 67240. I wholly agree with his proposal of reducing the term of performance bond requirement from five to two years.

However, I believe we should discuss the merits of the proposal at a future Staff Meeting. If consensus exists to modify bonding provisions of Decision No. 67240, we could then direct the Hearing Division to issue a Procedural Order.

Yours truly,

A handwritten signature in dark ink, appearing to read "JH", is written over a horizontal line.

Jeff Hatch-Miller, Chairman
Arizona Corporation Commission

CC: Earnest Johnson
Lyn Farmer
Docket Control